



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

August 9, 1995

Gordon Ziegler, President
Ziegler Chemical & Mineral Corporation
100 Jericho Quadrangle
Jericho, New York 11753

Re: Notice of Intention to Commence Small Mining Operations, Ziegler Chemical & Mineral Corporation, Neal #1 Project, S/047/063, (ML-46896), Uintah County, Utah

Dear Mr. Ziegler:

Thank you for the Notice of Intention to Commence Small Mining Operations information received by the Division on July 10, 1995, July 13, 1995, and August 7, 1995. The Division withheld a review of the information submitted in July as requested by your consultant, Robert Covington, during a phone conversation on July 25, 1995. Mr. Covington indicated new information regarding the Neal #1 proposal would be submitted within the next few days. Subsequently, we received the additional information on August 7, 1995. The information submitted in July combined with the August submission for the proposed Small Mine Operation titled "Neal #1 Project" located in the SW 1/4 of the NW 1/4 of Section 32, T11S, R24E, SLBM, Uintah County, Utah, is complete and no additional information is required at this time.

The Neal #1 proposal calls for the creation of one main shaft and two escapeways for an estimated disturbance of 1.085 acres per shaft. After the mineable reserves at the first shaft location have been extracted, a new shaft will be sunk along the vein northwest from the first shaft site. This pattern will continue in a piggy-back fashion creating up to four shaft sites if the ore reserves allow it. The disturbed area is estimated to be 4.8 acres for the combined four shaft sites. The current submission only identifies the location of the first shaft. Please be aware that while an approved Small Mining Operation Notice of Intention allows you to disturb up to five acres, you will need to notify this Division of the location(s) of the future shaft sites prior to those shaft sinking operations.

For your reference, I have enclosed copies of our summarized rules regarding "Operation and Reclamation Practices", and the statutory penalty for failure to reclaim a minesite (SMO-1). Please give special consideration to item #10 of the "Operation and Reclamation Practices. If the area being mined is a solid rock outcrop, or if the land surface is very rocky, then soil stockpiling is probably not possible. However, even the first few inches of undeveloped material is worth saving to aid in later revegetation efforts, and future regulatory release from reclamation requirements.

Page 2
Gordon Ziegler
S/047/063
August 9, 1995

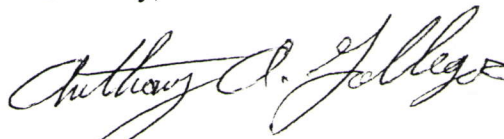
Should you wish to expand your operation beyond the five (5) acre limitation, please notify this office as soon as possible to discuss the necessary permitting requirements.

A Memorandum of Understanding between this Division and the State Department of Environmental Quality (DEQ) requires us to notify them upon receipt of a mining application. If you haven't already done so, you are advised to contact their office prior to starting your small mining operation to determine whether additional permits and/or approvals are required. We will forward a copy of this letter and your notice to the DEQ for their review. Their address and phone number is: Department of Environmental Quality, 288 North 1460 West, Salt Lake City, Utah, 84116, (801) 538-6146.

Approval of mineral exploration or mining operations by the Division of Oil, Gas and Mining does not constitute approval to commence operations upon lands under state mineral leases administered by the School and Institutional Trust Lands Administration/school sections (SITLA). Before conducting mining operations on state leased lands, the operator must provide formal written notification, meet bonding requirements, and obtain written approval from the School and Institutional Trust Lands Administration. Please contact them for their requirements. Their address is: School and Institutional Trust Lands Administration, 355 West North Temple, Suite 400, Salt Lake City, Utah 84180-1204; phone number (801) 538-5508.

Thank you for your cooperation. When in the area, a member of the Division staff will examine the site. Best wishes with your mining operation.

Sincerely,



Anthony A. Gallegos
Senior Reclamation Specialist

jb
Enclosure

cc: Kiran Bhayani, DWQ w/NOI
Roger L. Bon, UGS
Robert E. Covington, Consultant
Norman Haslem, Operations Manager, Ziegler
Wil Stokes, SITLA
Tracking File

S047063.SMO